

HRM3706

October/November 2014

PERFORMANCE MANAGEMENT

Duration 2 Hours

75 Marks

EXAMINERS :

FIRST

SECOND

EXTERNAL

MR LS MARE

PROF M COETZEE

MR MA BUYS

Closed book examination

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This examination paper consists of FIVE (5) pages

INSTRUCTIONS

- Write the numbers of the questions you choose in the appropriate space on the front cover of the examination book
- Answer any **THREE (3)** of the following **FIVE (5)** questions.

QUESTION 1:

1 1 Michelle is a regional manager at a fast-food restaurant franchise in South Africa. Her job is to visit the different restaurants in the group and rate their speed and quality of service, quality of food, cleanliness of restaurants and restrooms, properly displayed promotional materials and the financial results of the restaurants.

1 1 1 Which approach would be most suitable to measure the restaurants' performance? (1)

1 1 2 Discuss the circumstances under which this approach (the approach you identified in question 1 1 1) is most appropriate and provide examples from the fast-food industry (12)

1 1 3 Which key performance indicators (KPIs) should be used to measure the performance of the restaurants? (6)

1 2 Comment on the following statement.

"Pay discrimination is an inevitable and appropriate outcome of a properly administered performance-related reward system." (6)

[25]

QUESTION 2:

Read the following case study and answer the questions that follow:

Evaluating non-traditional rewards: Howe Ski and Mountaineer Stores

The Howe Ski and Mountaineer Stores are a group of ski and mountaineer shops in Bloemfontein. Maria Howe, a ski enthusiast with a background in business studies, opened a store five years ago. From its inception, the store was intended to provide state-of-the-art equipment and clothing for skiers and mountaineers, who frequently visit the mountains in Lesotho for recreational purposes. It was to be staffed by employees who were themselves advanced skiers and mountaineers, and could provide expert advice, and it was intended to have a quick response time. Maria originally drew from a pool of skiing friends and fellow students to staff the stores. Whether they were administrative staff, cashiers, clerks, or technical staff, employees were encouraged to keep up with the latest skiing and mountaineering equipment and trends. Suggestion boxes were placed in the store, and the staff and customers were encouraged to use them.

Maria shared business information with her employees and allowed their input into management decisions. As the business grew, she even added a line of rental equipment to lower the cost and encourage people to try the sport. Profits grew inconsistently due to the weather and the faddish nature of the sport, and because profits are something that employees cannot directly affect. In the long term, however, Maria's efforts paid off. Profits from the stores have continued to grow, although at a slower rate.

[TURN OVER]

Competition from other ski stores has also increased noticeably within the last two years. This threat of increased competition has been exacerbated by signs that employee productivity has begun to slide. In an attempt to respond to these challenges, Maria instituted a merit system for the technical staff. Although productivity seemed to increase for a while, waves of discontent surfaced among all the other employees. The other employees complained because they were not given the opportunity for merit pay. Maria had to concede that the employees were correct, so she suspended the merit plan and promised to re-evaluate its fairness. She realised that the stores can only be successful if the employees in the different job types work together and that the success of the stores is a function of the interdependence of job types.

- 2.1 Discuss the feasibility of implementing merit bonuses, profit sharing, and gain-sharing plans in this situation. What plan or plans would you recommend that Maria Howe should use and why? (15)
- 2.2 Discuss the objectives of performance-related reward plans (10)
- [25]

QUESTION 3:

Read the following case study and answer the questions that follow.

Performance management system in the Balme Library: Is it effective or not?

The University of Ghana was established in 1948 as an affiliate college of the University of London called the University College of Gold Coast. The Balme Library is the main library in the University of Ghana. As in the case of many modern university libraries worldwide, facing resource challenges and experiencing the need to serve an increasingly diverse customer base, the Balme Library has implemented numerous initiatives.

One such initiative is a performance management system. However, several of the components of the performance management process at the Balme Library are not properly implemented. First, there is no evidence that employees know exactly what tasks are involved in carrying out their jobs. Employees are not even sure if they possess the skills and knowledge required for their jobs. Employees seem to be generally lost concerning the role of their positions in this library. Second, the forms according to which employees are rated contain vague statements such as "general behaviour". The forms include no specific definition of what "general behaviour" is or any examples that explain to employees (or managers) what would lead to a high or low rating in this category. In addition, there is no evidence that managers have sat down with employees to work out mutually agreed-upon goals. All library employees are rated using the same form, regardless of their job responsibilities.

Third, there is no evidence that managers have consulted employees at some point to ensure that they are on the right track. Employees are not sure if what they are doing is exactly what is expected of them. Fourth, no formal or informal discussion of results and needed follow-up steps occur after the subordinates and managers have completed their forms.

Finally, employees are often rated by different people – and this frustrates employees the most. For example, sometimes the head of the library would rate employees, even though he has not been in direct contact with them. This results in employees not trusting the library's performance management system.

[TURN OVER]

- 3 1 It is stated in the case study that "*there is no evidence that employees know exactly what tasks are involved in carrying out their jobs*" or that they are not sure "*if they possess the required skills and knowledge*" Advise the library's management of the process they can apply to help employees understand their jobs better (5)
- 3 2 From the case study, it is evident that there are four (4) components or stages of the performance management process, which have not been implemented Identify these stages and give a reason for your answer (You are required to quote from the case study to substantiate your answer) (16)
- 3 3 Explain to Balme Library's management how the 360-degree feedback technique can be applied in an attempt to improve the library's current performance management system (4)

[25]

QUESTION 4:

- 4 1 You are the sales manager preparing the performance appraisals for your employees Peter had the highest level of sales while John had the lowest level of sales The other sales people produced sales that fit in between Peter and John's level of sales Discuss the type of performance appraisal format that you would use in this scenario Motivate your answer and discuss the advantages and disadvantages of the format that you would use (6)
- 4 2 Discuss the guidelines that should be used to conduct legally defensible performance appraisals (9)
- 4 3 Provide a critical analysis of self-appraisals How can the quality of self-appraisals be improved? (10)

[25]

QUESTION 5:

- 5 1 Discuss four (4) shortcomings associated with traditional performance management systems (8)
- 5 2 You are the HR professional in ABSA with expert knowledge of the balanced scorecard (BSC) Management has decided to implement the BSC to manage organisational performance Advise the management of ABSA on the guidelines that should be followed for the implementation of the balanced scorecard (10)
- 5 3 Discuss the guiding principles of the coaching process (7)

[25]

TOTAL FOR PAPER: 75

[TURN OVER]

CHECKLIST	✓
Did you answer three (3) of the five (5) questions , including all the sub-questions in each question?	
Did you fill in all your personal particulars on the cover of the examination answer book?	
Did you write the numbers of the questions you answered on the cover of the examination answer book?	